

Dennis - a few thoughts on the bonus study -

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Bonuses and Incentive Payments

I believe an important first step on the bonus issue is defining the problem and gathering data. I am concerned about 1) the inequity in the ability of state agencies to provide bonuses to employees, 2) the large number of staff in some agencies who are paid bonuses, and 3) the size of bonuses paid to staff on a year in, year out basis, where bonuses are not tied to work outside the normal scope of effort.

I would begin, therefore, with data gathering on those subjects. The Department of Administration should have basic data on bonuses and incentive payments for the past few years, and more specific data could be gathered for the next fiscal year.

That data could be used to identify where bonus payments outside a normal range are made, and specific follow-ups with agencies who are outside the range (both on the high side and the low side) could be made to determine the financial conditions and management practices that lead both low and high bonus payments.

The interim committee assigned the study could use the data and discussions with agency officials to understand current practices, and could then move to discuss the public policy implications regarding fairness and equity for state employees, effects on recruitment and retention, the benefits and disadvantages regarding performance management, the fiscal effect on taxpayers or ratepayers, and so on.

Key contacts in such a study would include staff from the State Personnel Division, the Department of Labor and Industry, human resource and management staff from agencies, and perhaps union representation for areas where these payments involve collective bargaining agreements. Elected state officials would also be key contacts for areas of a bonus study dealing with their staffs, and the unique circumstances of exempt staff positions.